

REVERSION TO DONOR PROHIBITION

I. LEGAL AUTHORITY:

Code of Federal Regulations: 34 CFR 361.60(b)(3)(iii).

II. POLICY STATEMENT AND PURPOSE:

In order to safeguard against funds being channeled back to the original donor with the added benefit of matching funds, the DHS Financial Management Unit shall not accept a private donation from a donor that has placed conditions or restrictions, expressed or implied, on the expenditure of the donation, requiring that the funds be used in a manner that would benefit the donor, an individual with whom the donor has a close personal relationship, or shares a financial interest. Federal financial participation is not available in expenditures that revert to the donor's use or facility.

- A. A reversion to donor occurs if it can be established that the donor of a private donation placed conditions or restrictions, expressed or implied, on the expenditure of the donation, requiring that the funds can be used in a manner that would benefit the donor, an individual with whom the donor has a close personal relationship, or shares a financial interest.
- B. The purpose of this prohibition is to prevent funds from simply being channeled back to the original donor with the added benefit of federal matching funds.
- C. In order for a reversion to donor problem to exist, there must be evidence, that such a return was intended.
- D. Accordingly, if a donor is subsequently awarded a contract or subgrant by the State vocational rehabilitation agency under a fair and competitive process, with no evidence that the award was influenced by the donor's donation, a reversion to donor problem will not exist.